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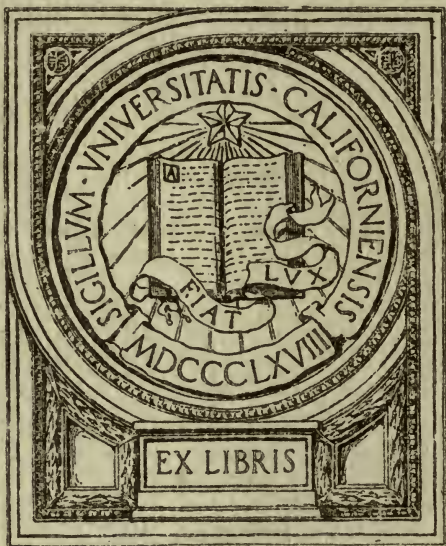
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Disadvantages
OF THE
Federal Farm Loan System
TO THE
Borrowing Farmer



An Article by
Norman Lombard



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Disadvantages of the Federal Farm Loan System to the Borrowing Farmer

This article is intended to assist the farmer who is thinking of obtaining a loan on his farm to decide whether it will be better for him to obtain his loan through the so-called Federal Farm Loan System or to obtain a private loan through some of the established agencies such as the banks or farm mortgage companies which make a specialty of that business.

REQUIREMENTS IMPOSED.

First it is necessary to consider some of the requirements imposed upon borrowers by the terms of the Farm Loan Act.

In order to secure a loan from one of the twelve Federal Land Banks, hereafter to be organized, it will be necessary for a farmer intending to borrow money to join with nine of his neighbors in organizing what is to be known as a National Farm Loan Association. The ten men organizing such an Association must all be land owners actually engaged in cultivating their farms or must be intending to become such. Simultaneously with organizing the Association they must all make application for farm loans in accordance with the terms of the act. When these ten members have all completed their arrangements and their Association is in working order, they may admit additional members, who, in joining the Association, will be subject to the **liabilities** and **responsibilities** imposed upon the charter members.

Let us examine now the **liabilities** and **responsibilities** incurred in joining one of these Farm Loan Associations, that being a necessary step in securing a loan from the Federal Farm Loan System.

MUST PURCHASE STOCK.

First every borrower must set aside 5% of the amount of his loan for the purpose of **purchasing stock** in the Farm Loan Association of which he is a member. Thus if he secures a \$2000 loan, he will receive only \$1900, or 95 per cent of the amount of his loan, the balance of \$100, or 5%, going to make up the capital of the Farm Loan Association, together with similar amounts contributed by other borrowers.

Each of these Farm Loan Associations, of which there may be a number in a county or which may extend over an entire county, is obliged to re-invest all of its capital in the stock of the Federal Land Bank in whose district the Association is situated. At this writing the location of these Land Banks has not yet been determined. There are, however, to be twelve of these Banks, the business of which will be to issue bonds against the mortgages, the sale of which bonds will provide the necessary funds with which to make additional mortgages.

ADDITIONAL LIABILITY.

Thus, the situation of the individual borrower will be that he will have given a note for say \$2000 secured by a mortgage in favor of his local Farm Loan Association, of which there must be at least ten members and of which there may be as many as a hundred or more. He will have received \$1900 for his mortgage, the balance of \$100 remaining in the Farm Loan Association and being invested in the stock of the District Land Bank. In addition to the 5%, or \$100, thus reserved, on entering the Association, **the borrower is obliged to enter into an agreement** whereby he shall be **liable for \$100 additional**, this being a provision similar to that contained in the law with respect to ordinary National Banks.

Admitting that the \$2000 mortgage is sound and well secured, this borrower, in order to safeguard himself against the loss of this \$200, will be under the necessity of ascertaining that **every other mortgage** made by the Association of which he is a member **is equally sound and secure**, as he is **liable** to the extent of 10% of his mortgage for the **failure** of any of the other borrowers of his Association to make good on their mortgages. Thus if John Smith borrows from an Association and his neighbor Will Green subsequently obtains a loan upon his farm from the same Association and then Will Green moves out of the country, leaving his mortgage unpaid, and if there is not sufficient security to satisfy the mortgage, then John Smith will be obliged to **come forward and put in his own cash to make good his share of the deficiency**.

PROTECTION DIFFICULT.

The only way that a farmer can protect himself from this danger, and it is a very real one, is to satisfy himself that **every loan made by the Association** is as **good as his own** and has behind it a man as **good as he is**. With new members continually joining the Association, this will be found to be a very troublesome procedure

and if the security offered by a new member is located in a distant part of the county, he may find it very **burdensome and expensive** to secure the necessary information.

And even if the borrower takes this precaution and carefully scrutinizes every loan made by his Association with the idea of objecting to the making of the loan before it is made or of withdrawing from the Association in case it is made, even with all of this precaution, he is **still not protected** against the possible loss of the 5% of cash which has been invested in the stock of the District Land Bank.

There are likely to be a hundred or more local Associations, each having business dealings with the District Land Bank. If any one of these Associations should fail as a whole, it would then be necessary for the District Land Bank to make up the deficiency and to **assess the loss** pro rata to the various Associations owning stock in the Bank. Therefore, it is not only necessary for the farmer to inform himself as to the safety of the loans made by **his own Association** but also as to the safety of every loan made by **every other Association in the district**.

It is quite reasonable to expect that some of the local Farm Loan Associations will sometime fail, regardless of any precautions that may be taken and that the District Land Bank will therefore be obliged to **assess the loss** to the other Associations composing its membership. We all know that crop failures are not at all unusual but are one of the hazards under which the farmer continually lives; and it is well known that crop failures do not affect individual farmers alone—they always affect groups of farmers located in the same neighborhood—and crop failures arise from a large number of different causes. Thus, about every so often, there is a failure of wheat in Kansas, due say, to the cinch bug or to rust. There is a failure of corn, perhaps, in Iowa, due to a late spring and excessive moisture. There may be a failure of the cotton crop in a given section of Texas due to the boll weevil or a failure to market the crop (which is equivalent to the same thing) because of some world-wide war or other economic disturbance. There is a failure of the peach crop in a certain valley in Georgia due to a late frost. There is failure in some other section due to a rain. Crop failures on a large or small scale are inevitable accompaniments of the farming business. During such periods of disaster farmers are usually unable to pay their interest and frequently are unable even to pay their taxes. Occasionally the disaster is so severe that the ordinary living expenses of the farmers are not obtainable, and sometimes even land

values are seriously and permanently affected. Those of us whose experience runs back any number of years can remember numerous instances of this kind and it is reasonable to suppose that as history repeats itself they will arise in future. And when they do arise and losses occur **every borrower in the District must bear a part of the loss and he cannot escape it by any amount of diligence.**

Nor have we yet considered the full danger to the farmer growing out of this liability feature. As each of the twelve District Land Banks is liable for the bonds of each and all of the other District Land Banks, it is obvious that the failure of one of these Land Banks would cause a loss to each of the other banks. Thus, the individual farmer should not only satisfy himself as to the safety of every loan made by every Association comprised in his District, but he also should satisfy himself as to the financial soundness of each of the other Land Banks in the **entire system**, which would mean an examination into the affairs of **all of the Farm Loan Associations comprising the entire system**. This is obviously impossible to the individual, the result being that the borrower under this system is simply **obliged to take his chances.**

That the picture here presented is not overdrawn—that there is a possibility, if not likelihood, that one of the twelve Federal Land Banks will fail—must be admitted, otherwise the framers of the law would not have included the feature of **mutual liability** upon the Land Banks.

INCONVENIENCE OF SYSTEM.

We now turn to the question of the **inconvenience** of the system to the individual borrower.

One of the purposes of the Farm Loan Act was to enforce upon the farmers of the country a policy of co-operation. Our friend, John Smith, may not be on good terms with his neighbor, Will Green. One may think the other is a degenerate and a reprobate while the one thus complimented may not like the way the other parts his hair. One farmer may not like the other because he paints his buildings while again the second farmer may not like the first because he does not paint his buildings. It is well known that neighborhood jealousies and animosities arise from a number of more or less important and relevant causes. It was therefore felt by those who are responsible for the passage of the Federal Farm Loan Act, that these neighborhood differences ought to be done away with, that the farmers ought to be compelled to like and admire

each other, regardless of the merits of the case; in short, that they should "co-operate."

NEIGHBORHOOD DIFFERENCES.

Before any loan can be made at least ten farmer-borrowers must find themselves in sufficiently friendly accord so that they can transact business together and be willing to **go security on each others' notes**. An elaborate scheme of organization has been provided. Thus each of these Farm Loan Associations is to have a corps of officers, including a secretary-treasurer, a president, etc., and three of the members of the Association are to act as a Loan Committee. It seems to me that if I were a member of a Farm Loan Association, that I would by all means insist upon being a member of that Loan Committee because that Loan Committee is going to be supreme in its own little realm.

Every loan obtained from the Federal Farm Loan system will have to pass the scrutiny of the Loan Committee of one of the Local Farm Loan Associations. Woe be yours if one of the members of that committee objects to having farm buildings painted, if yours are painted, and woe to you if you do not happen to have your hair parted correctly when you appear with your hat in hand before your neighbor (whom you have perhaps recently kicked off the lot) to beseech the approval of your loan.

Perhaps one of the members of this Loan Committee will have a covetous eye upon your farm. Perhaps he is himself anxious to buy it at a bargain. Is it to be supposed that he is going to approve your loan if that loan will enable you to tide yourself over your financial difficulties?

Again, perhaps one member of that Loan Committee will have a son who is anxious to marry your daughter whereas you and your daughter both have other plans. Is he then going to look with favor upon your loan?

It is not necessary to further elaborate as to the situations which are likely to arise under this system. It is well known that the detached and segregated conditions of country life promote the growth of **petty feelings of jealousy, envy and distrust** and it is only reasonable to expect that human beings who will be members of these Loan Committees will be governed in their decisions by the dictates of their sympathies and their **personal feelings**.

If you are a man of any character, if you have ever "stood up in meeting" and asserted your beliefs in opposition to those of

others, if you have ever shown any independence in the conduct of your business, if you have any ideas which are not in line with the humdrum ideas of your neighbors; in short, if you are a man of any character or self-assertiveness whatsoever, the chances are very good that you will **not be able to secure the approval of your loan** by the members of the Loan Committee and you may as well save yourself the mortification and embarrassment which are sure to result if your application is filed.

NEIGHBORLY INTERFERENCE.

However, let us assume that the prospective borrower has been able to break through the magic circle drawn by the Loan Committee of his Farm Loan Association. He is then in the position of having received a favor, not only from this Loan Committee, but from all the members of the Association and **he will be expected to conduct himself accordingly**. It should be noted that the favor which has been extended to him is not a mere nominal one, as each and every member of the Farm Loan Association, including the members of the Loan Committee, stand in the position of **guarantors or sureties upon his note** to the extent of 10% of their own loans. Each member of the Association, therefore, has a **personal financial interest** in the borrower's methods of conducting his farming operations.

If you are a borrower and a member of the Association, it is therefore only reasonable that you should expect your neighbors, who are also members of the Association, to take an active personal interest in the manner in which you farm your property. Let us suppose that you intend to plant wheat in the "old pasture lot south of the creek"; you happen to mention the matter to some of your neighbors and the result is that some evening a member of the Loan Committee of the Association stops at your front gate and remonstrates with you for planting wheat. That method of farming your land does not meet with his approval. Of course there may be nothing that he can do about it, your loan having been approved and the money spent. It is not to be supposed that merely because you decide to plant the old pasture lot to wheat that the loan is going to be called. At the same time, it would cause you to feel somewhat uncomfortable to think that the other members of your Association, your benefactors, were **criticizing the manner** in which you were **conducting your farming operations**.

Or perhaps you may be a progressive farmer and you may decide to experiment with some new crop. Perhaps alfalfa is not very generally grown in your neighborhood and you desire to devote 10 acres to an experiment with this highly profitable crop. You purchase your alfalfa seed, level up your land and are all ready to plant your crop when the President of your local Farm Loan Association drives up and calls attention to the fact that you are obliged to make a payment on your loan on September first and if you devote that 10 acres to alfalfa, which the Honorable President doesn't believe in, you may find it difficult, if not impossible to meet your payment. Perhaps the President would not go so far as to endeavor to force you to abandon your plans, but at the same time you must admit that **he has some rights** in the matter because he is **financially liable** in the event of your failing to pay your interest and take care of your loan in accordance with its terms.

The inevitable result of such a system is going to be that the neighbors of every borrower from the Farm Loan System are going to have a "finger in the pie." They are all going to make **pointed suggestions** as to how the borrower's farm should be operated and there is going to be **more or less unpleasantness** if these suggestions are not acted upon. Thus there will be created a situation which is **altogether distasteful** to all **independent and self-reliant** farmers and the inevitable result must be that if a man wants to conduct his farming operations **in accordance with his own ideas** and **without interference** from his neighbors then he had **better not get mixed up with his neighbors** in any scheme whereby they appear to have **rendered him a favor** in making his loan possible or where they are in the position of creditors or guarantors of the payment of his mortgage.

We have not yet discussed the functions of the Secretary-Treasurer of the Farm Loan Association. This individual is supposed to be a sort of a little king in his own domain. When your interest comes due, **he collects it**; if your taxes are not paid, he will **come nosing around** to see what is the trouble and if you do not comply with the terms of your mortgage agreement as to the cultivation of your property, etc., **all to his satisfaction**, you may expect a call from him without delay.

RED TAPE AND DELAY.

Now let us consider the matter of red tape and of the time consumed in obtaining a loan through the Federal Loan System.

This article is being written in September, 1916. I have just had a talk with some of the members of the Federal Farm Loan Board and they have advised me that they do not even expect to designate the towns in which the District Land Banks will be located for several months and they do not expect that instructions will be issued for the formation of Farm Loan Associations for some time thereafter. It is safe to expect, therefore, that this system will not even be **in shape to consider business** for at least six months. Even after the system is inaugurated, the machinery will move very slowly indeed and very little business can be transacted at first.

Supposing, however, that the system finally becomes thoroughly organized and sufficiently equipped with clerical assistants, land examiners, etc., then prospective borrowers should notice the excessive amount of red tape necessary to be gone through with in order to secure a loan from this system and they should **contrast this red tape with the simplicity of obtaining a loan through the ordinary channels.**

In the first place, it will be necessary for the local Farm Loan Association to be organized. The Association will then have to elect its officers and designate a Loan Committee. Applications for loans will then be submitted to the Secretary-Treasurer of the Association and if all of the requirements of the law have been complied with, he will refer the application to the Loan Committee who will then make a personal inspection of the security offered. If the difficulties which have been above outlined are finally overcome and the application is approved, the Loan Committee will then forward the application to the District Land Bank and the District Land Bank will then have to **send one of its examiners** to make a **further examination** of the security and **check up the uses to which the money is to be put**, and **other details**, as provided in the act. If the District Land Bank happens to have any money on hand and the application is approved, the Land Bank will in time forward the necessary funds to the local Farm Loan Association and this Association will in turn deliver the money to the borrower. This, however, will not take place until the mortgage has been duly recorded, the title properly searched and all of the ordinary details encountered in making a loan fully taken care of. It is only reasonable to expect, in this connection, that this work will **go slower**, being handled by officials whose appointments are more or less political, and to suppose that the individual borrower's business will

not receive the attention which it now receives from the private institutions who have a desire to build up a reputation for prompt closing of loans and for good service to borrowers in other particulars.

PURPOSE OF LOAN.

We now come to a consideration of the question of the uses to which the money must be put after a loan has been obtained from the Federal System. The Federal Farm Loan Act very specifically states the purposes for which money can be expended by the borrower and furthermore provides that if the money is expended for any other purpose that the loan shall be immediately called. The three purposes permitted under the terms of the act are roughly as follows:

1st—For the purchase of the security;

2nd—For the equipment or improvement thereof; and

3rd—(this is very important)—For the purpose of paying off a loan which was on the property prior to the formation of the first Farm Loan Association in the County; or, if made subsequent to the organization of the first Farm Loan Association, one which was made for one of the other two purposes above outlined.

It is to be noted that if any borrower expends any of the money obtained from the Farm Loan System in the payment of a doctor's bill, in the payment of a store bill, in the payment of living expenses while his trees or vines are coming into bearing or for any of the numerous purposes for which borrowers are obliged to have money other than those specifically enumerated in the act, then his loan will be due and payable at once. Nor is this all. If he has a loan on his property which loan was made subsequent to the organization of the first Farm Loan Association in his county and if any portion of the proceeds of that loan was used for any unauthorized purpose, then that loan will not be subject to refund through the Federal Farm Loan System. Thus, let us say that on June 1st, 1917, the first Farm Loan Association was organized in the prospective borrower's county. Let us suppose that sometime after that date the borrower incurred some unusual expense, such as a doctor bill for the sickness of some member of his family, or the payment of a judgment for damages or for some other purpose. He goes to his local banker and borrows this money, perhaps taking up a mortgage which he has on his property at that time and executing a new mortgage for the entire amount. It should now be noted that this mortgage can never at any future time be refunded by a loan from

the Federal Farm Loan System for the reason that the loan intended to be refunded was made subsequent to the organization of the first Farm Loan Association in the county and a **part of the proceeds** thereof was used for purposes not **specifically authorized** in the Farm Loan Act.

ADDITIONAL RULES.

Now this is no doubt a hardship to some borrowers as the loan intended to be refunded in the case outlined might be abundantly secured and much safer than some of the loans which meet with the technical requirements of the act. However, it is necessary, in the conduct of so large a farm loaning system as is contemplated under the Farm Loan Act, to have some arbitrary rules of which this is merely an instance. As the operation of the system develops and additional experience is gained, it will become necessary to adopt **additional rules** which will be found, while in general sound and equitable, to work hardship in many cases and to **preclude many borrowers from qualifying** for Federal farm loans.

RULES STRICT AND RIGID.

Before leaving this phase of the subject, it should be noted that the rules laid down in the Farm Loan Act as to the payment of interest and taxes promptly on the day when due are **very strict and rigid**. Many farmers frequently have occasion to hold their crops off the market, expecting a higher price later, or to hold their cattle off the market in order that they can be put into proper market condition and the ordinary mortgage company or bank which lends money upon farm lands is, as a rule, perfectly willing to agree to the propriety of such proceedings and to adopt a very liberal attitude toward borrowers in assisting them in the convenient working out of these financial arrangements.

However, when your Uncle Sam goes into business, he is **not permitted to consider individual requirements** but is obliged to conduct his affairs in accordance with **strict rules** laid down in black and white. It is therefore necessary that borrowers who are contemplating securing loans through the Federal Farm Loan System should take every precaution in advance to make sure that they will have their money ready exactly on the day when due, otherwise they will **not only find themselves embarrassed through calls by their neighbors**, asking them to pay up their delinquencies, but they will also find themselves in imminent danger of having their loans **declared due and payable**.

CONSERVATIVE POLICY.

The Federal Farm Loan Board is proceeding with conservatism. They take the position, which is undoubtedly sound, that this system must be made absolutely safe beyond any question, the convenience of borrowers being a secondary consideration. Undoubtedly this is the only policy to pursue as any disaster to the Farm Loan System as a whole would be most unfortunate for the farmers of this country and would discredit them for all time to come in the minds of investors and financiers, so that it would be an exceedingly difficult problem for the ordinary farmer to secure any loan upon his property upon any terms. They have therefore wisely adopted a very conservative policy and they are cautioning everyone that applications are to be considered on the **most conservative basis**, that the strict requirements of the law are to be adhered to, that valuations are to be based only upon the **income producing power of the land** and that only successful farmers can be considered as applicants and these only for loans for reasonable and conservative amounts.

Now it is well known that the existing institutions take into consideration the character of the borrower when making a loan and if he appears to be a man of character, following proper farming methods and otherwise inspiring confidence in his ability to pay the interest and principal of the loan when it comes due, his application is given **more liberal consideration** than in the case of borrowers not having these personal qualifications.

Under the Federal Farm Loan System it will be necessary for the managers to eliminate the character of the borrower from the consideration of the proposition. It is **the land and the land only** which is considered in arriving at **the amount of money** which will be loaned.

AMORTIZATION LOANS ONLY.

The only form of loan permitted under the Federal System is an amortization loan, the period being for anywhere from five to forty years. The amortization form of loan is exceedingly popular in Europe and it will no doubt, in the course of time, become popular in this country. However, there are many borrowers who do not desire to make a loan of that kind as they do not want to be obliged to retire their loan by making a small payment on account each and every year. They prefer a flat term loan where they know that they will have the use of the funds for a given length of time, at the end

of which time they expect to be able to secure a renewal for the same or perhaps a larger amount, which renewals of course are not contemplated under the amortization form of loan.

It should not be understood that I am advising borrowers against making an amortization loan. I am a great believer in the amortization loan as I believe it **much better for the borrower to be compelled gradually to work himself out of debt** and much better for the investor to have a constantly decreasing loan and a consequent increasing margin of security.

However, if a farmer is desirous of securing an amortization loan, it is not necessary for him to go to the Federal Farm Loan System for such a loan as the **same can be obtained from a mortgage company in almost any State** and no doubt other companies will commence making loans upon the amortization basis as soon as they become more familiar with the plan, and if there seems to be any demand from farmers for loans on that basis.

THE RATE OF INTEREST.

It is contended by some students of the question that the farmer will be able to secure a lower rate of interest by obtaining his money from the Federal Farm Loan System than he has been able to obtain in the past through the ordinary channels. As to the correctness of this prophecy, only experience can determine. There are now between three and four billion dollars' worth of farm mortgages in this country. If it is proposed to refund all of these mortgages and to issue Farm Loan Bonds to provide the necessary money, it will mean that in the course of time an **immense quantity of Farm Loan Bonds** will have to be issued. Now it is well known that there is only a **limited amount of money** in this country which is willing to accept less than 6% on its investment.

It is not to be expected that investors who have been obtaining farm mortgages which netted them from 5½% to 6½% interest will consent to accept bonds bearing a lower rate of interest and having no better security. We therefore may eliminate this large body of investors from our calculations in considering the market which will be available for Farm Loan Bonds. This eliminates the largest life insurance companies, those savings banks which have been large investors in farm mortgages and the majority of private investors (few of whom invest in large amounts, but whose large numbers make up a considerable volume of the investment capital

of this country). When you have eliminated these three classes of investors, you have left a comparatively small number of people who can be called upon to make investments.

It should be noted that a recent issue of joint notes of the Governments of Great Britain and France was offered, the issue being only partially subscribed, and in this case there were patriotic and business reasons for purchasing. Also a recent issue of notes of the Government of France, secured by American collateral, paid investors $5\frac{1}{2}\%$. What chance is there then for experimental bonds where the amount ultimately required will be over ten times the amount of this French issue?

It is all very well to talk about how our Government bonds sell on a low interest basis, but it must be remembered that the **amount** of United States Government bonds is comparatively small in proportion to the amount of farm loans in this country. Furthermore, certain privileges have been accorded to the holders of United States Government bonds, which are largely owned by the National Banks of the country, in permitting these bonds to be used as a basis for the issuance of currency, which privilege of course does not attach to the Farm Loan Bonds. It is therefore absurd to think that this country will afford a sufficient market for Federal Farm Loan Bonds at the low rates of interest which are being talked of to finance more than a limited number of farm loans.

Even considering, however, that it might be possible to refund and refinance the entire mortgage debt of the country into Farm Loan Bonds at the rate specified in the Federal Farm Loan Act, yet even so, it is difficult to see where the individual farmer will benefit as he is now able to secure loans at an interest rate very little if any higher than that which will be necessary under the Farm Loan System and which are free from the objections herein explained.

It must be remembered that the local Farm Loan Association must have its expenses fully paid, including the salary of a Secretary-Treasurer. The district Land Bank is obliged to charge a premium in order to cover its own expenses, the salaries of managers, bookkeepers, clerks, attorneys, land examiners, etc., and also a fund to take care of losses and by the time all of this has been attended to, it is not to be expected that the cost to the borrower will be much, if any, less than the cost to him if he obtains his loan through the ordinary channels.

ORDINARY METHODS BEST.

On the other hand prospective borrowers should consider the many advantages which accrue to them in obtaining their loans through private mortgage companies or through commercial banks making a specialty of farm mortgages.

It will not be necessary to elaborate at any length upon the many advantages, upon the **promptness** with which loans can be considered and acted upon, upon the secrecy of the transaction, the borrower's business not being a topic for gossip among the borrower's neighbors, the fact that loans can be arranged for flat terms if desired or on the **amortization** basis if that plan is preferred by borrowers and that **partial releases** can be arranged with the minimum amount of "red tape" and delay and, finally, the **liberality** of **farm mortgage bankers** in taking care of farmers during those periods when they are not able to pay their interest promptly or do not find it advantageous because of market conditions or for other reasons to do so.

The value of the service rendered by the farm mortgage banker as above briefly outlined, is so well known to experienced borrowers that it is not necessary to elaborate upon this feature. No Governmental institution, with which any of us has yet had any experience, has been able to operate with that **facility, speed and regard for the interests of its clients** which we have learned to expect in our dealings with **private individuals** and **institutions** and there is no reason to expect that the Federal Farm Loan System will be any exception in this respect.

If borrowers desire to secure **personal service**, if they desire to be treated as **human beings** rather than as numbers or members of some gigantic machine; if they desire **speedy** and **reasonable service** and if they desire **freedom from interference** by their neighbors and from gossip which will be sure to result under the so-called co-operative plan, they should **continue to do business** through those farm mortgage bankers which are **thoroughly established**, have **efficient organizations** and which, in their past dealings, have shown a desire to consider the **interests** of their clients in the conduct of their business.

Americans have frequently been accused of being a temperamental people inclined to act upon **impulse** rather than upon **due consideration**. However, the farmers of the United States are known to be our most substantial and conservative class of citizens and those least inclined to take impulsive action. If the farmers of

the United States had been at all active in the agitation for a Federal Farm Loan System, there might be reason to suppose that there was some real call for such a system. It is well known, however, that the Federal Farm Loan Act is the result of agitation by politicians seeking the rural vote and by rural publications endeavoring to curry favor with those from whom their revenue was derived. It remains to be seen whether or not the farmers of this country will be misled into financial tangles which will secure them **practically no financial advantage** and which will at the same time **embroil them in quarrels and disputes with their neighbors**. For myself, I have perfect confidence in the sound wisdom of the average farmer and believe that he will be found patronizing those same old institutions which have been of the greatest benefit to him in his period of greatest need and which have always shown themselves anxious to render him the **best possible service**.



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There are acres in alfalfa; acres in vineyard years old; acres in orchard..... years old; balance as follows:

I have a water right or pumping plant as follows:

The place is conservatively worth \$..... The buildings are worth \$..... I have a loan on the place now of \$....., obtained from..... maturing....., 19....., and bearing..... per cent interest. I do live on the place.

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